

DEPARTMENT OF FINANCE

Jacques Jiha, Commissioner



WHAT WE DO

The Department of Finance (DOF) has a broad range of responsibilities including collecting nearly \$35 billion annually in revenue for the City and valuing more than one million properties worth a total of close to \$1 trillion. The Department of Finance also records property-related documents, administers property tax exemption and abatement programs, adjudicates parking tickets, administers the City's network of bank accounts, manages the City's cash flows and administers the City's business and excise taxes.

In addition, DOF provides administrative support to the City's Banking Commission, which recommends interest rates for late payments of property taxes and approves bank and trust companies to hold City funds.

Through the Office of the Sheriff, DOF enforces court mandates, orders, warrants of arrest, property seizures, and conducts investigations of deed fraud, the sale of illegal and untaxed tobacco products, and the sale of synthetic cannabinoids.

Through the Mayor's Office of Pensions and Investments, DOF advises the Administration on the management of the City's five pension systems.

FOCUS ON EQUITY

The Department of Finance (DOF) administers the City's tax and revenue laws fairly, transparently and efficiently to instill public confidence and encourage compliance while providing exceptional customer service. Following the tenets of this mission statement, the agency has undergone a significant shift toward a more equitable and customer-centric business model, introducing a number of reforms and initiatives intended to ensure that all taxpayers, employees and stakeholders are treated fairly. Among the new services DOF has introduced, the Office of the Taxpayer Advocate, which officially opened in August 2015, is already advocating for taxpayers who have been unable to resolve problems through normal DOF processes and identifying systemic problems that may need legislative or regulatory changes, and the newly created Office of Taxpayer Services is responding to technical questions about the City's business taxes and providing guidance on the City's new corporate tax regime.

DOF has enhanced its employee training and development programs to provide increased opportunities for employees and has created the position of Chief Diversity Officer to diversify its workforce and expand business with minority and women-owned businesses. In an effort to become more accessible and transparent, the Department of Finance has reinstated its annual Taxpayer Representative and Practitioner Program, a full-day conference that provides a venue for tax practitioners to interact directly with agency staff and hear updates on tax law and administration.

OUR SERVICES AND GOALS

SERVICE 1 Bill and collect property and other taxes.

- Goal 1a Increase the proportion of individuals and businesses that are in compliance with tax and revenue laws.
- Goal 1b Promptly review applications for Senior Citizen Rent Increase Exemptions.
- Goal 1c Promptly review requests for refunds.
- Goal 1d Increase the percentage of payments made online.

SERVICE 2 Bill, adjudicate, and collect on parking tickets.

- Goal 2a Increase the proportion of parking tickets that are collected.
- Goal 2b Assure that all respondents are offered convenient options for challenging tickets.

SERVICE 3 Provide public access to data.

- Goal 3a Increase the percentage of property tax documents that are available online.

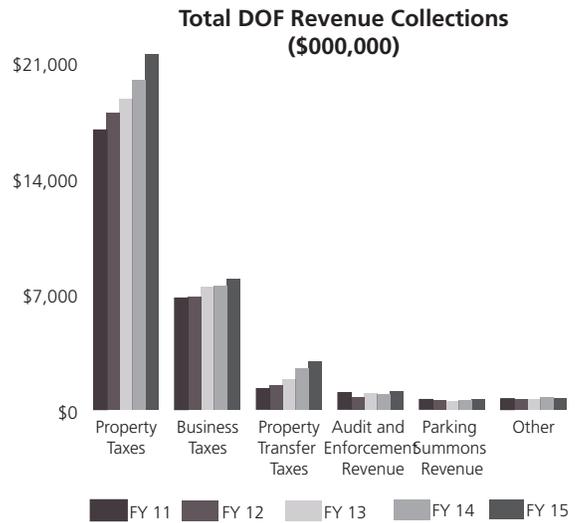
HOW WE PERFORMED IN FISCAL 2015

SERVICE 1 Bill and collect property and other taxes.

Goal 1a Increase the proportion of individuals and businesses that are in compliance with tax and revenue laws.

The Department of Finance’s new customer-centric business model is built on a platform of transparency and robust communication between taxpayers, their representatives and DOF. Recognizing that clear and concise guidance to the public is a critical component of effective tax administration, DOF has focused its efforts on ensuring that policy changes are quickly and effectively communicated so that taxpayers are better able to comply. To further increase compliance, DOF is working on adopting a Taxpayers Bill of Rights which includes the right to clear, simple and non-technical explanations of the laws and procedures in all tax forms, instructions, publications, notices and correspondence.

The percent of audits closed by DOF within one year from the audit’s start date grew to 59 percent, a 29 percentage point improvement. In large part, the increase is attributed to a greater proportion of commercial rent tax and sales and use tax cases, which are generally completed more quickly than business income tax audits. At the same time, the average number of days to complete an audit declined by 198 days to 479 days compared to 677 days for the same period last year. The percentage increase in tax liability as a result of audits increased by approximately two percentage points to 18.3 percent and the average amount collected from an audit more than doubled to \$221,000, as several large audits were completed during the fiscal year.



Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY11	FY12	FY13	FY14	FY15	FY15	FY16		
★ Property taxes billed that are paid (%)	97.0%	97.3%	97.5%	98.6%	98.5%	97.0%	97.0%	Up	Neutral
- Paid on time (%)	95.0%	94.4%	94.8%	95.0%	95.3%	*	*	Up	Neutral
Average turnaround time for audits (days)	612	684	632	677	479	*	*	Down	Down
Increase in tax liability as a result of audits (%)	26.9%	10.5%	13.6%	16.0%	18.3%	*	*	Up	Down

★ Critical Indicator "NA" - means Not Available in this report ↕ shows desired direction

Goal 1b Promptly review applications for Senior Citizen Rent Increase Exemptions.

Fiscal 2015 saw continued strong growth in the NYC Rent Freeze Program for Seniors (Senior Citizen Rent Increase Exemption or “SCRIE”), with initial applications growing from 8,272 in Fiscal 2014 to 15,713. This 90 percent increase in applications is a direct result of the July 2014 increase in income eligibility from \$29,000 to \$50,000 and a concerted effort by DOF to target potential enrollees based on specific demographic and geographic data. Because of the significant increase in applications, the average time to process initial applications rose to 7.7 days but remained well below the target of 10 days.

In Fiscal 2015 DOF added SCRIE and DRIE (Disability Rent Increase Exemption Program) ombudspersons as mandated by recent legislation to help seniors and people with disabilities with the application process.

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY11	FY12	FY13	FY14	FY15	FY15	FY16		
Senior Citizen Rent Increase Exemption (SCRIE) - Initial applications received	NA	NA	7,094	8,272	15,713	*	*	Neutral	NA
SCRIE - Renewal applications received	NA	NA	22,670	21,239	23,321	*	*	Neutral	NA
★Average time to process initial applications (days)	NA	NA	17.3	4.4	7.7	10.0	10.0	Down	NA
★Average time to process renewal applications (days)	NA	NA	13.4	9.6	8.9	10.0	10.0	Down	NA

★ Critical Indicator "NA" - means Not Available in this report ↕ ↑ shows desired direction

Goal 1c Promptly review requests for refunds.

DOF processed 64,477 requests for business and property tax refunds in Fiscal 2015, an increase of 9,502 over Fiscal 2014. Despite the significant increase in the number of refunds processed, property tax refunds were processed in an average of 24 days, down from 37 days, while business tax refunds were processed in 31 days, a slight increase from the average of 29 days in Fiscal 2014, but still below the target of 32.

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY11	FY12	FY13	FY14	FY15	FY15	FY16		
★Average time to issue a property tax refund (days)	22	26	27	37	24	28	28	Down	Up
★Average time to issue a business tax refund (days)	39	32	30	29	31	32	32	Down	Down

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Goal 1d Increase the percentage of payments made online.

The Department of Finance strives to be innovative in offering customers the ability to pay how, where and when they want by leveraging advances in technology. This year saw the introduction of payment acceptance by Google Wallet and Apple Pay at DOF's Business Centers. Sixty-five percent (31.6 percent ACH/EFT and 33.4 percent credit card) of all Fiscal 2015 payments were made electronically, an increase from 61 percent in Fiscal 2014. DOF expects the percentage to rise in Fiscal 2016.

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY11	FY12	FY13	FY14	FY15	FY15	FY16		
★Payment method (%) - Electronic (ACH/EFT)	16.5%	20.8%	45.9%	32.9%	31.6%	50.0%	35.0%	Up	Up
- Credit card	26.4%	37.9%	20.1%	28.2%	33.4%	*	*	Up	Neutral

★ Critical Indicator "NA" - means Not Available in this report ↕ ↑ shows desired direction

SERVICE 2 Bill, adjudicate, and collect on parking tickets.

Goal 2a Increase the proportion of parking tickets that are collected.

The percentage of parking tickets paid within 90 days from issuance rose from 63.2 percent in Fiscal 2014 to 65.7 percent in Fiscal 2015. At 13.7 percent, the percent of tickets dismissed within 90 days was unchanged.

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY11	FY12	FY13	FY14	FY15	FY15	FY16		
Tickets paid before penalty assessed (%)	NA	NA	51.5%	53.1%	55.3%	*	*	Up	NA
★ Parking tickets issued that are paid within 90 days (%)	63.3%	65.1%	63.5%	63.2%	65.7%	65.0%	65.0%	Up	Neutral

★ Critical Indicator "NA" - means Not Available in this report ↕ shows desired direction

Goal 2b Assure that all respondents are offered convenient options for challenging tickets.

DOF is currently exploring ways to leverage new technologies to enhance the parking ticket adjudication process including making its website more mobile friendly and expanding payment options. In addition to making it easier to challenge parking tickets, Fiscal 2015 also saw a reduction in turnaround times for hearings in all categories: in person, by mail, and online. Of the 1,041,841 parking ticket hearings held in Fiscal 2015, nearly 39 percent were conducted online compared to fewer than 10 percent of 1,169,864 hearings in Fiscal 2011.

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY11	FY12	FY13	FY14	FY15	FY15	FY16		
★ Parking ticket hearings - Total	1,169,864	1,235,067	901,026	1,104,940	1,041,841	*	*	Neutral	Down
★ Average turnaround time for in-person parking ticket hearings (minutes)	23	18	19	25	19	30	25	Down	Neutral
★ Average turnaround time to issue decision for parking ticket hearing-by-web (days)	7.0	6.5	3.8	7.0	6.5	8.5	8.5	Down	Neutral
★ Average turnaround time to issue decision for parking ticket hearing-by-mail (days)	27.3	23.2	4.2	10.3	8.3	14.0	14.0	Down	Down
Parking ticket appeals reviewed	20,812	26,478	36,094	41,405	55,036	*	*	Neutral	Up
Parking ticket appeals granted a reversal (%)	15.6%	12.2%	9.9%	12.8%	14.0%	*	*	Down	Neutral

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SERVICE 3 Provide public access to data.

Goal 3a Increase the percentage of property tax documents that are available online.

This year DOF introduced [interactive property tax maps](#) on its website for owners of one-to-three family homes. The tax maps show both market values and factors used by DOF to assess properties and provide links for the taxpayer to send DOF data correction errors or requests for market value review. In addition, property owners are now able to view their property values in relation to that of their neighbors — data which were previously unavailable in this format.

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY11	FY12	FY13	FY14	FY15	FY15	FY16		
★ Current property tax documents available online (%)	100%	100%	100%	100%	100%	100%	100%	Up	Neutral

★ Critical Indicator "NA" - means Not Available in this report ↕ shows desired direction

AGENCY-WIDE MANAGEMENT

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY11	FY12	FY13	FY14	FY15	FY15	FY16		
Total revenue collected (\$000,000)	\$27,014	\$28,178	\$30,113	\$32,223	\$34,757	*	*	Neutral	Up
- Property taxes collected (\$000,000)	\$16,868	\$17,945	\$18,742	\$19,920	\$21,471	*	*	Neutral	Up
- Business taxes collected (\$000,000)	\$6,717	\$6,838	\$7,407	\$7,490	\$7,910	*	*	Neutral	Up
- Property transfer taxes collected (\$000,000)	\$1,229	\$1,448	\$1,810	\$2,500	\$2,909	*	*	Neutral	Up
- Parking summons revenue (\$000,000)	\$570	\$569	\$509	\$588	\$658	*	*	Neutral	Up
- Audit and enforcement revenue collected (\$000,000)	\$988	\$743	\$1,009	\$932	\$1,114	*	*	Neutral	Up
- Other revenue (\$000,000)	\$641	\$634	\$636	\$780	\$695	*	*	Neutral	Up

AGENCY CUSTOMER SERVICE

A core part of DOF's strategy to develop a more customer-centric business model includes streamlining Business Center operations. As a result, in Fiscal 2015 more than 2.8 million visitors to DOF's Business Centers saw a nearly 50 percent decrease in the average wait time to see a customer service representative, from 17 minutes to 9 minutes. In addition to reducing wait times, DOF added customer service staff, introduced a customer service training initiative, and substantially upgraded its Business Center facilities.

Performance Indicators	Actual					Target		Desired Direction	5yr Trend
	FY11	FY12	FY13	FY14	FY15	FY15	FY16		
Customer Experience									
Emails responded to in 14 days (%)	78%	75%	85%	86%	83%	85%	85%	Up	Up
Letters responded to in 14 days (%)	77%	60%	91%	79%	90%	85%	85%	Up	Up
Completed customer requests for interpretation	2,921	3,274	3,254	4,353	4,466	*	*	Neutral	Up
Average customer in-person wait time (minutes)	12	11	7	17	9	12	12	Down	Neutral
CORE customer experience rating (0-100)	85	82	86	92	93	90	90	Up	Up

AGENCY RESOURCES

Resource Indicators	Actual					Plan ¹		5yr Trend
	FY11	FY12	FY13	FY14	FY15	FY15	FY16	
Expenditures (\$000,000) ²	\$219.7	\$221.3	\$222.3	\$240.3	\$262.7	\$265.6	\$266.0	Up
Revenues (\$000,000)	\$679.2	\$693.6	\$652.1	\$743.8	\$801.1	\$701.7	\$705.0	Up
Personnel	1,756	1,814	1,802	1,870	1,916	2,110	2,114	Neutral
Overtime paid (\$000)	\$355	\$618	\$1,240	\$1,545	\$1,356	\$1,356	\$1,356	Up

¹Authorized Budget Level

"NA" - Not Available in this report

²Expenditures include all funds.

NOTEWORTHY CHANGES, ADDITIONS OR DELETIONS

- The Department of Finance updated Fiscal 2016 targets for two indicators to reflect performance trends. The target for the average wait time for in-person parking ticket hearings was reduced to 25 minutes from 30 minutes, and the target for the percent of transactions made electronically via Electric Funds Transfer (EFT) and Automated Clearing House (ACH) debit was changed to 35 percent from 50 percent.

ADDITIONAL RESOURCES

For additional information on items referenced in the narrative, go to:

- Interactive Property Tax Maps:
<http://www1.nyc.gov/site/finance/taxes/property-assessments.page>
- Senior Citizen Rent Increase Exemption (SCRIE):
www.nyc.gov/rentfreeze

For more information on the agency, please visit: www.nyc.gov/dof.